

Message Text

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ACTION EUR-25

INFO OCT-01 IO-13 ADP-00 AGR-20 AID-20 CEA-02 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02

STR-08 TRSE-00 LAB-06 SIL-01 OMB-01 H-02 L-03 SS-15

NSC-10 INRE-00 NSCE-00 SSO-00 USIE-00 PA-03 PRS-01

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O R 141845 Z JUN 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 5357

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS

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PASS AGRICULTURE

BONN OR ROME PASS AMBASSADOR GREENWALD

E. O. 11652: NA

TAGS: EAGR, ETRD, EEC US

SUBJECT: LARDINOIS' INQUIRY ON PRESIDENT'S ANNOUNCEMENT
OF FARM EXPORT CONTROLS

1. SUMMARY. EC COMMISSIONER FOR AGRICULTURE LARDINOIS
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CALLED THE MISSION ON JUNE 14 TO OBTAIN CLARIFICATION OF THE PRESIDENT'S ANNOUNCEMENT REGARDING EXPORT CONTROLS ON FARM PRODUCTS. HE EXPRESSED CONCERN ABOUT THE EFFECTS OF POSSIBLE US FARM EXPORT RESTRICTIONS ON WORLD SUPPLIES, ASKED HOW SUCH ACTION WOULD AFFECT THE US POSTURE IN RELATION TO THE MTN, AND STATED THAT HE ANTICIPATES PRESSURE WITHIN THE COMMUNITY FOR CAP MEASURES TO ALLEVIATE THE TIGHT SUPPLY SITUATION. IN PARTICULAR LARDINOIS EXPECTS RENEWED REQUEST FOR THE ESTABLISHMENT FOR A CAP FOR SOYBEANS. LARDINOIS WELCOMED THE PRESIDENT'S REMARK THAT THE US WILL CONSULT WITH OTHER COUNTRIES TO SEEK THEIR COOPERATION IN RESOLVING THE PROBLEM OF RISING FOOD PRICES. LARDINOIS ASSURED US THAT HE PERSONALLY WILL NOT RECOMMEND THAT COMMISSION INITIATE ANY SPECIFIC ACTIONS IN RESPONSE TO POSSIBLE US EXPORT CONTROLS. HE ALSO INQUIRED ABOUT THE CROP OUTLOOK IN THE US AND ABOUT THE POSSIBILITY OF INCREASING EC SKIM MILK POWDER EXPORTS TO THE US. ACTION REQUESTED: PROMPT GUIDANCE ON LARDINOIS' QUESTIONS. END SUMMARY.

2. LARDINOIS SAID HE UNDERSTANDS THAT FARM EXPORT CONTRACTS ENTERED INTO PRIOR TO JUNE 13 WILL BE HONORED BUT WONDERED WHETHER SUCH CONTRACTS MADE AFTER THAT DATE WILL BE RETROACTIVELY SUBJECT TO EXPORT RESTRICTIONS. WE TOLD LARDINOIS THAT WE ARE NOT YET IN A POSITION TO INTERPRET THE NATURE OF THE EXPORT CONTROLS ANNOUNCED BY THE PRESIDENT BUT HOPE TO OBTAIN AN EARLY INTERPRETATION OF THIS POINT.

3. LARDINOIS FURTHER ASKED WHETHER POSSIBLE US EXPORT CONTROLS WOULD CHANGE THE US POSTURE IN RELATION TO THE FORTHCOMING MTN. WE REPLIED THAT THE MEASURES ANNOUNCED BY THE PRESIDENT ARE OF A SHORT- TERM NATURE AND WE DID NOT BELIEVE THEY WOULD HAVE ANY EFFECT IN RELATION TO MTN. WE POINTED OUT THAT THE US FARM PRODUCTION POTENTIAL WILL HENCEFORTH BE FULLY UTILIZED AND WE EXPRESSED OUR PERSONAL VIEW THAT THE US WILL BE ABLE TO MEET FOREIGN DEMAND FOR FARM PRODUCTS.

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4. LARDINOIS THEN SAID THAT IN CONSEQUENCE OF THE PRESIDENT'S ANNOUNCEMENT HE ANTICIPATES STRONG PRESSURE IN THE COMMUNITY FOR CAP ACTIONS TO INCREASE DOMESTIC SUPPLIES. HE SAID IT IS MOST LIKELY THAT THE FRENCH DEMAND FOR A CAP FOR SOYBEANS WILL BE RENEWED AND INQUIRED WHETHER, IN VIEW OF THE SHORT SUPPLY SITUATION FOR PROTEIN

FEEDS, THE US WOULD CONTINUE TO OBJECT TO SUCH A MEASURE. WE REPLIED THAT THE US WOULD INDEED OBJECT TO A CAP FOR SOYBEANS ON THE GROUNDS STATED BEFORE, NAMELY THAT SUCH A CAP REGULATION WOULD BE TRADE RESTRICTIVE IN VIEW OF LICENSING REQUIREMENTS, SURETY, ETC., AND WOULD AT ANY RATE REPRESENT AN IMPAIRMENT OF A GATT CONCESSION.

5. WE GAVE LARDINOIS AVAILABLE US CROP FORECASTS FOR GRAINS AND SOYBEANS. THESE FORECASTS ARE BASED ON FASTO CIRCULARS 122, 123 AND 138 ESTIMATES. (MISSION WOULD APPRECIATE RECEIVING MOST RECENT FORECASTS AVAILABLE.)

6. LARDINOIS FURTHER INQUIRED WHETHER THE US WOULD IN CONSEQUENCE OF THE PRESENT ACTION BE WILLING TO LIBERALIZE IMPORTS OF SKIM MILK POWDER. WE SAID WE ARE UNABLE TO ANSWER THIS QUESTION AT THE PRESENT TIME BUT PROMISED TO FORWARD HIS QUERY TO WASHINGTON.

7. LARDINOIS SAID THAT HE WELCOMES THE PRESIDENT'S DECLARATION THAT WE SHALL CONSULT WITH OTHER COUNTRIES TO SEEK THEIR COOPERATION IN RESOLVING THE WORLDWIDE PROBLEM OF RISING FOOD PRICES. LARDINOIS SAID HE WOULD BE PLEASED TO CONSULT WITH US AT ANY TIME.

8. LARDINOIS ASSURED US FINALLY THAT HE WILL NOT INITIATE ON HIS OWN ANY ACTION IN RESPONSE TO POSSIBLE US FARM EXPORT RESTRICTIONS.

9. ACTION REQUESTED. WE WOULD APPRECIATE GENERAL AND SPECIFIC GUIDANCE ON LARDINOIS' QUESTIONS AS LIMITED OFFICIAL USE

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SOON AS POSSIBLE. WE BELIEVE LARDINOIS POSITIVE RESPONSE TO US OFFER TO CONSULT SHOULD BE PROMPTLY PICKED UP. HE APPEARS TO WANT TO CONTAIN WHAT HE BELIEVES WILL BE DIFFICULT PRESSURES WITHIN COMMUNITY AND WE SHOULD DO WHAT WE CAN TO ASSIST IN THIS EFFORT. HARTMAN

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